GOVERNMENT OF INDIA
NON-CONVENTIONAL ENERGY SOURCES
LOK SABHA

UNSTARRED QUESTION NO:2334
ANSWERED ON:06.03.2003
INTEREST RATE ON SOLAR WATER HEATER
DR. KIRIT SOMAIYA

Will the Minister of NON-CONVENTIONAL ENERGY SOURCES be pleased to state:

(a) whether the interest rate on Solar Water Heater has not been revised for the last two years ;

(b) whether in spite of general reduction in interest rates the same has not been reflected;

(c) if so, the details of the interest rate Government is paying to the banks;

(d) the subsidy and actual interest paid by the customers;

(e) whether the Government have asked nationalized banks to revise and reduce the interest rate of 11.5% charged by them;

(f) if so, the details thereof, and

(g) the details of the subsidy actually paid by the Government during the above period?

Answer

MINISTER OF STATE FOR NON-CONVENTIONAL ENERGY SOURCES (SHRI M. KANNAPPAN)

(a)&(b): Under the soft loan programme on Solar Water Heaters being implemented by the Ministry through the Indian Renewable Energy Development Agency (IREDA) and designated public sector banks, the following interest rates are currently being charged from the customers :

i) 5% for individuals, institutions, hospitals, nursing homes, small business establishments, housing cooperative societies, developers, nonprofit organizations etc. No change has been made in this rate.

ii) 7% for commercial organizations. The rate being charged earlier for commercial organizations was 8.3% and was lowered to 7% during 2002-03 keeping in view the general reduction in interest rates.

(c)&(d): According to the arrangements concluded with the banks, the Ministry provides assistance to the banks to cover the difference between their normal rate of interest for financing such systems and the rate of interest actually charged under the scheme. At present the normal rate of interest of most banks is close to their prime lending rate or priority sector rate. Customers pay an interest rate of 5% or 7% as mentioned above.

(e) & (f): No, Sir.

(g): The amount of interest subsidy released by the Government during the period is as follows:

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2000-01   :   Rs. 0.80 crore
2001-02   :   Rs. 1.00 crore
2002-03   :   Rs. 5.89 crores (till Feb. 2003)
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